

New homebuilder ramps up its plans

TRI POINTE: The company acquires \$150 million in growth capital to buy land in the Inland area and elsewhere.

Wednesday, October 6, 2010, By LESLIE BERKMAN, The Press-Enterprise

Southern California homebuilder TRI Pointe Homes, an 18-month-old company that is building in Riverside, entered into a strategic partnership that will provide it with \$150 million in growth capital.

TRI Pointe Chief Executive Douglas Bauer said that the Irvine-based company has partnered with Starwood Capital Group Global LP, a global real estate investment firm in Greenwich, Conn., to buy land for homebuilding.

Bauer, who was formerly William Lyon Homes president and chief operating officer, co-founded TRI Pointe Homes in 2009 with two other former William Lyon executives, Tom Mitchell and Mike Grubbs. TRI Pointe's first project in Inland Southern California is Castlerock in Riverside, a community planned for 29 homes priced in the mid \$300,000s. Bauer said since sales opened at Castlerock in May, seven homes have sold. TRI Pointe currently is negotiating the purchase of two other homebuilding sites in Riverside, he said.

TRI Pointe's growth plan, Bauer said, calls for delivery of more than 1,000 homes a year within the next five years, including 100 to 200 a year in Riverside and San Bernardino counties. He said he expects to be more active at first along the coast where the economy is forecast to recover faster than inland. TRI Pointe is building in Orange County under a fee arrangement with the Irvine Company and plans to expand to Northern California and eventually to other parts of the West.

Bauer said the down economy provides a window of opportunity for new homebuilders such as TRI Pointe because they don't carry the debt, overhead and high-priced land inventory that burden homebuilders which were around before the housing market crashed. "We are lighter and more nimble," he said.

TRI Pointe is the second Southern California company to partner with Starwood Capital Group. The other is Foremost Communities, an Irvine-based land developer that this year has made three major land purchases in Inland Southern California with Starwood Capital's financial assistance.

Foremost Communities is looking for large land parcels it can buy at a distress price and hold until the housing market rebounds, when it will sell the land to homebuilders. Bauer said by contrast TRI Pointe is shopping for smaller land parcels where it can more quickly build and sell houses itself.